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U. S. DEPARTMENT OF AGRICULTURE  
PRODUCTION AND MARKETING ADMINISTRATION  
WASHINGTON 25, D.C.

Op 2

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MARKET NEWS AND GRADING DIVISION MEMORANDUM AD-104

To: Regional and Area Grading Supervisors  
From: Fred J. Beard, Chief, Market News and Grading Division  
Subject: Meat Grading on Commitment Basis

Pursuant to Federal regulations, it is presumed that grading service contracted under a commitment agreement is not being performed for less than \$2.70 per hour. A commitment merely assures prior right to the grading service but does not grant service in excess of the number of hours actually paid for at the hourly rate prescribed in the regulations. The number of hours of grading work covered by any commitment is determined by dividing the commitment fee by the standard commercial hourly rate.

Commitments on a weekly basis of \$92.00 permit 34 hours, and a monthly basis of \$347.54 covers the cost of 129 hours of grading service.

Grading supervisors should take immediate steps to adjust their grading program to coincide with the foregoing interpretation and bill commitment holders for grading work in excess of the hours covered in their agreement.

Fred J. Beard



